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Day 1, Session 3: Analysing Drivers Of DD And Barriers To The "+" Activities: Addressing The Economic Realities

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The Case of Mongolia: Going Beyond REDD+

- Forest sector's currently low policy, budgetary & investment priority has implications for roadmap implementation;
- REDD+ needs to be embedded in forest sector development and green development agendas if is to be acceptable & sustainable;
- REDD+, alone, may not be enough to change business as usual;
- SFM focus as potential source of: REDD+ co-finance, supplement to REDD+ incentives, investments to demonstrate public & private commitment to reducing deforestation and forest degradation.

To Complement and Feed into REDD+ Readiness Roadmap



Making The Economic Case For REDD+

- Value of forest ecosystem services:
 \$310 million (\$3,100/km²/year);
- Value-added: 12.5% of rural per capita GDP
 & 3.1% of national GDP (officially only 0.25%);
- Carbon & water value: more than 7 times as high as industrial wood output value;
- Every \$1 of government & donor funding to SFM: helps to leverage broader benefits of \$30 for the Mongolian economy as a whole.

Opportunities To Better Capture SFM Values

 Many sectors benefit from forest goods and services: agriculture, livestock, manufacturing, tourism, energy, water, climate, disaster risk reduction, etc.;

 But forest funding is neither being targeted to, nor sourced from, these sectors;

 Current forest management and funding focus may not be capturing full economic or financial potential of SFM (for REDD+).

Strategic Entry Points

Sectoral Mainstreaming

integrate forests into the spending of other sectors

incorporate sectoral values into forest management budgets



Developing and improving SFM markets & stimulating private investment

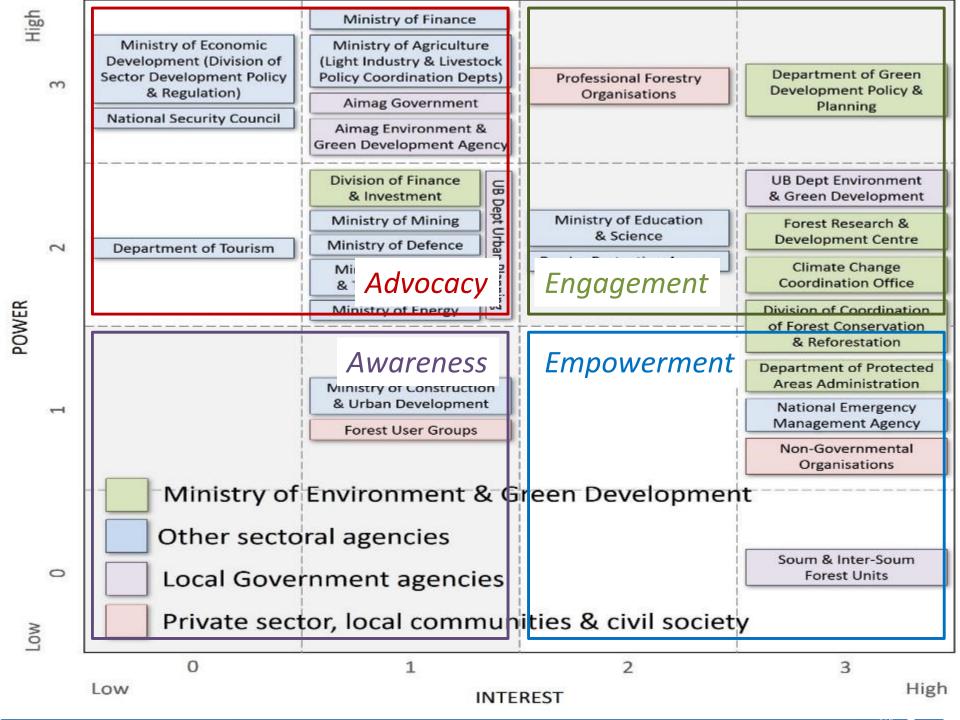
establish forest PES introduce forest biodiversity offsets enhance valueadded products & processing mobilise credit & investment capital create enabling incentives

Strengthening Financial Administration

rationalise fees & cost norms

improve earmarking & retention

harmonise financial & management planning





Take-away Messages

 Unless the NS/AP is firmly grounded in economic reality, it's unlikely to be acceptable, viable or sustainable;

 Although necessary, REDD+ actions & finance may not, alone, be sufficient to tackle deforestation & forest degradation;

 It's important to look for strategic opportunities to economically enable, encourage & support REDD+ as well as addressing drivers of DD and barriers to "+".

Thank You

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